

2015-16

Supplement to 2015-16 Audit Guide

At its June 20, 2016 meeting, the Panel adopted a set of permanent supplemental regulations to amend the audit guide to address legislative changes in the conditions of apportionment of school funding that affect the current audit year. The permanent supplemental regulations were approved by the Office of Administrative Law and filed with the Secretary of State on July 27, 2016.

[Notice Publication/Regulations Submission \(Form 400\)](#)

[Notice of Proposed Rulemaking \(March 25, 2016\)](#)

[Initial Statement of Reasons \(March 25, 2016\)](#)

[2015-16 Supplemental Audit Guide \(March 25, 2016\)](#)

[Title 5, Division 1.5, Chapter 3, Article 1, Section 19810](#)

Annual Update

Permanent regulations for the 2015-16 audit guide were adopted by the Panel at its August 24, 2015 meeting. The Office of Administrative Law approved the permanent regulations and filed them with the Secretary of State on October 5, 2015.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2015-16, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2015-16 fiscal year, is posted under the Audit Guide tab as the Previous Years Audit Guide Booklet. Additionally, Federal Compliance Requirements and Agency Addresses and Contacts are listed as such under the Audit Guide tab.

[Notice of Proposed Rulemaking](#)

[Initial Statement of Reasons](#)

2014-15

Supplement to 2014-15 Audit Guide

At its February 23, 2015 meeting, the Panel adopted a set of emergency regulations to amend the audit guide to address legislative changes in the conditions of apportionment of school funding that affect the current audit year. The Panel also directed staff to begin the regular rulemaking process leading to eventual adoption, following public comment, of the same amendments as permanent regulations.

The emergency regulations were approved by the Office of Administrative Law and filed with the Secretary of State on March 12, 2015. The emergency regulations will remain in effect as part of the 2014-15 audit guide until replaced by the permanent regulations through the process explained below.

The Notice of Proposed Rulemaking for the permanent supplemental regulations was published in the California Regulatory Notice Register on March 27, 2015. The Notice, which provides information on the public comment process; the Initial Statement of Reasons, which describes the proposed changes to the audit guide; the text of the proposed permanent supplemental regulations; and the proposed permanent supplemental 2014-15 Audit Guide were posted on this website and distributed to all persons who have requested notification of EAAP regulations on March 27, 2015.

[Notice of Proposed Supplemental Rulemaking \(Published 3-27-2015\)](#)

[Initial Statement of Reasons \(2-23-2015\)](#)

Annual Update

Permanent regulations for the 2014-15 audit guide were adopted by the Panel at its September 22, 2014 meeting. The Office of Administrative Law approved the permanent regulations and filed them with the Secretary of State on November 5, 2014. The following documents are the

regulations posted with the Secretary of State. Note that the format of the audit guide changed in 2014-15 to a booklet incorporated by reference, rather than detailed in California Code of Regulations, Title 5.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2014-15, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2014-15 fiscal year, is posted under the Audit Guide tab as the Prior Years Audit Guide Booklet. Additionally, Federal Compliance Requirements and Agency Addresses and Contacts (formerly Appendix A and Appendix B) are listed as such under the Audit Guide tab.

[Notice Publication/Regulations Submission \(Form 400\)](#)

[Initial Statement of Reasons 2014-15 July 4 2014](#)

[Final Statement of Reason 2014-15 Nov 4 2014](#)

[Title 5 Division 1 5 Chapter 3 General Provisions](#)

2013-14

Supplemental to 2013-14 Audit Guide

At its February 10, 2014, meeting, the Panel adopted a set of *emergency* regulations to amend the audit guide to address legislative changes in the conditions of apportionment of school funding that affect the current audit year. The Panel also directed staff to begin the regular rulemaking process leading to eventual adoption, following public comment, of the same amendments as *permanent* regulations.

The *emergency* regulations were approved by the Office of Administrative Law and filed with the Secretary of State on February 28, 2014. The *emergency* regulations will remain in effect as part of the 2013-14 audit guide until replaced by the *permanent* regulations through the process explained below.

[Emergency Supplemental 2013-14 Audit Guide Regulations \(February 10, 2014\)](#)

The Notice of Proposed Rulemaking for the *permanent* supplemental regulations was published in the California Regulatory Notice Register on March 21, 2014. That same day, the Notice, which provides information on the public comment process; the Initial Statement of Reasons, which describes the proposed changes to the audit guide; and the text of the proposed *permanent* supplemental regulations were posted on this website and distributed to all persons who have requested notification of EAAP regulations.

[Notice of Proposed Supplemental Rulemaking 2013-14 Initial Statement of Reasons - 2013-14](#)

[Permanent Supplemental 2013-14 Audit Guide Regulations \(2-10-2014\)](#)

After adoption of the permanent regulations, an updated audit guide booklet will be made available.

Annual Update

Permanent regulations for the update of the 2013-14 audit guide were adopted by the Panel at its August 19, 2013 meeting. The Office of Administrative Law approved the permanent regulations and filed them with the Secretary of State on October 17, 2013.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-14, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2013-14 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2011 OMB Circular A-133 Compliance Supplement, and Appendix B, Agency Addresses and Contacts.

[Initial Statement of Reasons](#)

[Final Statement of Reasons](#)

[Filing with Secretary of State](#)

[Approved Regulations](#)

2012-13

Supplement to 2012-13 Audit Guide

At its January 28, 2013 meeting, the Panel adopted a set of emergency regulations to amend the audit guide to address legislative changes in the conditions of apportionment of school funding that affect the current audit year. The Panel also directed staff to begin the regular rulemaking process leading to eventual adoption, following public comment, of the same amendments as permanent regulations.

The emergency regulations were approved by the Office of Administrative Law and filed with the Secretary of State on February 12, 2013. The emergency regulations will remain in effect as part of the 2012-13 audit guide until replaced by the permanent regulations through the process explained below.

[Emergency Supplemental 2012-13 Audit Guide Regulations \(January 28, 2013\)](#)

The Notice of Proposed Rulemaking for the permanent supplemental regulations was published in the California Regulatory Notice Register on February 15, 2013. The Notice, which provides information on the public comment process; the Initial Statement of Reasons, which describes the proposed changes to the audit guide; and the text of the proposed permanent supplemental regulations were posted on this website and mailed to all persons who have requested notification of EAAP regulations on February 13, 2013.

[Notice of Proposed Supplemental Rulemaking Initial Statement of Reasons \(January 28, 2013\)](#)

[Proposed Permanent Supplemental 2012-13 Audit Guide Regulations \(January 28, 2013\)](#)

After adoption of the permanent regulations, an updated audit guide booklet will be made available.

Annual Update

The Panel adopted the permanent regulations at its meeting on June 25, 2012. OAL approved the regulations and filed them with the Secretary of State on July 31, 2012.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2012-13 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2012 OMB Circular A-133 Compliance Supplement, and Appendix B, Agency Addresses and Contacts.

Annual Update - 2012-13 - Statements of Reasons: [Initial Statement of Reasons \(March 26, 2012\)](#)

[Final Statement of Reasons \(June 25, 2012\)](#)

2011-12

Permanent regulations for the update of the 2011-12 audit guide were adopted by the Panel at its June 27, 2011 meeting. The Office of Administrative Law approved the permanent regulations and filed them with the Secretary of State on August 15, 2011.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2011-12 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2011 OMB Circular A-133 Compliance Supplement, and Appendix B, Agency Addresses and Contacts.

Annual Update - 2011-12 - Statements of Reasons: [Initial Statement of Reasons \(April 11, 2011\)](#)

[Final Statement of Reasons \(June 27, 2011\)](#)

Supplement to 2011-12 - Statements of Reasons: [Initial Statement of Reasons \(January 23, 2012\)](#)

[Final Statement of Reasons \(March 26, 2012\)](#)

2010-11

Annual Update

At its June 28, 2010, meeting, the Panel adopted permanent regulations for the update of the 2010-11 audit guide. The regulations were approved by OAL and filed with the Secretary of State on July 23, 2010.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2010-11, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2010-11 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2009 OMB Circular A133 Compliance Supplement and Compliance Supplement Addendum #1 dated June 30, 2009, and Appendix B, Agency Addresses and Contacts.

Annual Update - 2010-11 - Statements of Reasons: [Initial Statement of Reasons \(April 9, 2010\)](#)
[Final Statement of Reasons \(June 28, 2010\)](#)

2009-10

Permanent regulations for the update of the 2009-10 audit guide were adopted by the Panel at its August 24, 2009, meeting. The regulations were approved by OAL and filed with the Secretary of State on December 16, 2009.

On June 9, 2010, OAL approved and filed with the Secretary of State the permanent supplemental regulations for audits of the 2009-10 fiscal year that were adopted by the Panel at its February 1, 2010, meeting.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2009-10, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2009-10 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2009 OMB Circular A133 Compliance Supplement and Compliance Supplement Addendum #1 dated June 30, 2009, and Appendix B, Agency Addresses and Contacts.

Annual Update - 2009-10 - Statements of Reasons: [Initial Statement of Reasons \(June 19, 2009\)](#)
[Final Statement of Reasons \(October 8, 2009\)](#)

Supplement to 2009-10 - Statements of Reasons: [Initial Statement of Reasons \(February 19, 2010\)](#)
[Final Statement of Reasons \(April 26, 2010\)](#)

2008-09

Effective February 20, 2009, education trailer bill Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4; Chapter 12, Statutes 2009) was enacted. SBX3 4 made significant changes in law, some of which impact the conduct of audits for the 2008-09 fiscal year. The bill was enacted too late for EAAP to promulgate supplementary regulations to incorporate the changes into the Audit Guide before March 1.

On April 15, 2009, the State Controller's Office issued an advisory - http://www.sco.ca.gov/pubs_guides_lea.html. Click the **Fiscal Year 2008 - 09** link under the heading "Local Educational Agency Guide Advisory."

Revised 2008-09 Audit Guide: EAAP incorporated 2008-09 changes in the updated regulations for 2009-10, so that the 2008-09 audit guide was revised effective June 29, 2009. These changes were explained in the Informative Digest included in the Finding of Emergency for the 2009-10 emergency regulations:

- removed four programs (§§ 19821, 19822, 19827, and 19838),
- reduced procedures for one program (§ 19828.3),
- reduced penalties for non-compliance in another program (new § 19845.2),
- limited one program to fiscal year 2008-09 (§ 19837.2),
- amended one section to conform to statute (subparagraph (b)(4) of § 19846 now says "six hours a week or three days a week" instead of 'hours and days').

Additionally, the number of procedures for Community Day Schools was reduced from 9 to 3 in Section 19816(f)(6), but the corresponding amendment of Section 19825 was inadvertently omitted from the regulations proposals. As stated in the State Controller advisory referenced above, it is not necessary for audits of fiscal year 2008-09 to perform the procedures in subparagraphs (e) and (g) - or to make the consequent findings specified in subparagraphs (f) and (h) of Section 19825.

Annual Update

At its July 28, 2008, meeting, the Panel adopted final permanent regulations for the 2008-09 audit guide. The Office of Administrative Law approved the permanent regulations and filed them with the Secretary of State on September 9, 2008.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2008-09, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2008-09 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2008 OMB Circular A133 Compliance Supplement, and Appendix B, Agency Addresses and Contacts.

Annual Update - 2008-09 - Statements of Reasons: [Initial Statement of Reasons \(May 30, 2008\)](#)
[Final Statement of Reasons \(July 28, 2008\)](#)

2007-08

Annual Update

At its regular meeting on July 30, 2007, the Panel adopted final permanent regulations for the 2007-08 audit guide. The Office of Administrative Law approved the permanent regulations and filed them with the Secretary of State on September 10, 2007.

The booklet, Standards and Procedures for Audits of California K-12 Local Education Agencies 2007-08, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2007-08 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2007 OMB Circular A133 Compliance Supplement, and Appendix B, Agency Addresses and Contacts.

Annual Update - 2007-08 - Statements of Reasons: [Initial Statement of Reasons \(May 11, 2007\)](#)

[Final Statement of Reasons \(August 1, 2007\)](#)

2006-07

Annual Update The Education Audit Appeals Panel took action at its September 18, 2006, meeting to finalize changes to the annual audit guide for fiscal year 2006-07. The Office of Administrative Law (OAL) approved the permanent regulations and filed them with the Secretary of State on September 29, 2006.

At its January 29, 2007, meeting, the Panel adopted nonsubstantive amendments to four sections of the audit guide. Sections 19851 and 19852 direct auditors to verify compliance with various requirements of the Education Code that pertain to offering independent study (“nonclassroom-based instruction”) in lieu of classroom attendance, in charter schools. For clarity, the title of Section 19852 was amended from “Additional Nonclassroom-Based Instruction” to “Mode of Instruction”; and the order of sections 19851 and 19852 was reversed. Because “nonclassroom-based instruction” is defined as instruction that does not meet the requirements specified as a condition of apportionment for “classroom-based instruction” (Education Section 47612.5(e)(1), (2)), the determination must first be made whether the Average Daily Attendance (ADA) reported as having been generated through classroom-based instruction met the statutory requirements for

that classification, and then any ADA reported as classroom-based but not meeting applicable requirements, as well as that reported as nonclassroom-based, can be evaluated for compliance with requirements for nonclassroom-based instruction. Conforming changes were made in subdivision (f)(4) of Section 19816, and in the first sentence of Section 19853. OAL approved the nonsubstantive amendments and filed them with the Secretary of State on March 1, 2007.

The booklet, Standards and Procedures for Audits of California K-12 Local Educational Agencies 2006-07, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2006-07 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2006 OMB Circular A133 Compliance Supplement, and Appendix B, Agency Addresses and Contacts. The nonsubstantive amendments described above were made to the booklet.

Annual Update - 2006-07 - Statements of Reasons: [Initial Statement of Reasons for the 2006-07 Audit Regulations \(May 5, 2006\)](#) [Amended Final Statement of Reasons for the 2006-07 Audit Regulations \(September 18, 2006\)](#)

2005-06

On June 9, 2006, OAL approved and filed with the Secretary of State the permanent supplemental regulations for audits of the 2005-06 fiscal year that the Panel had adopted at its April 24, 2006, meeting. In addition to nonsubstantial amendments to sections 19851 and 19853 with regard to charter schools' pupil-to-teacher ratio options in nonclassroom-based instruction, these regulations included other nonsubstantial changes to the emergency supplemental regulations that had been in effect since February 17, 2006, to clarify the applicability of the components of the audit guide regulations to audits of charter schools.

The booklet, Standards and Procedures for Audits of California K-12 Local Educational Agencies 2005-06, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2005-06 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2004 OMB Circular A133 Compliance Supplement, and the 2005 Compliance Supplement Updates, and Appendix B, Agency Addresses and Contacts.

[Changes to Organization of Audit Guide \(June 9, 2006\)](#)

Annual Update - 2005-06 - Statements of Reasons: [Initial Statement of Reasons for the 2005-06 Audit Regulations \(May 6, 2005\)](#) [Revised Final Statement of Reasons for the 2005-06 Audit Regulations \(October 11, 2005\)](#)

Supplement to 2005-06 - Statements of Reasons: [Initial Statement of Reasons for the 2005-06 Supplemental Audit Regulations \(February 17, 2006\)](#) [Revised Final Statement of Reasons for the 2005-06 Supplemental Audit Regulations \(June 9, 2006\)](#)

2004-05

The booklet, Standards and Procedures for Audits of California K-12 Local Educational Agencies 2004-05, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2004-05 fiscal year (including clarifying amendments to § 19826.1(d), effective November 10, 2005, and to § 19836, first paragraph, and subdivisions (d) and (e), effective April 14, 2005), includes Appendix A, Federal Compliance Requirements, with links to the 2004 OMB Circular A133 Compliance Supplement, and the 2005 Compliance Supplement Updates, and Appendix B, Agency Addresses and Contacts.

Annual Update - 2004-05 - Statements of Reasons: [Initial Statement of Reasons for the 2004-05 Audit Regulations \(June 17, 2004\)](#) [Final Statement of Reasons for the 2004-05 Audit Regulations \(December 9, 2004\)](#)

Supplement to 2004-05 - Statements of Reasons: [Initial Statement of Reasons for the Supplemental 2004-05 Audit Regulations \(February 10, 2005\)](#) [Final Statement of Reasons for the Supplemental 2004-05 Audit Regulations \(May 23, 2005\)](#)

2003-04

The booklet, Standards and Procedures for Audits of California K-12 Local Educational Agencies 2003-04, which constitutes the audit guide to be used in the performance of the audits required by Education Code Section 41020 for the 2003-04 fiscal year, includes Appendix A, Federal Compliance Requirements, with links to the 2004 OMB Circular A133 Compliance Supplement, and Appendix B, Agency Addresses and Contacts.

Initial Adoption of the Audit Guide Regulations - Statements of Reasons: [Initial Statement of Reasons for the 2003-04 Audit Regulations \(February 6, 2004\)](#) [Final Statement of Reasons for the 2003-04 Audit Regulations \(May 6, 2004\)](#)